

Year 10 End of Year examinations

The Economics exam will test your knowledge, understanding and analysis of content from all of the course covered this year (see below for more specific content). You will have **ONE** paper (1 ½ hours). This Paper will have two Sections:

Section A: Multiple Choice: 20 questions – answer **all** questions

Section B: Structured questions (Answer **two** from a choice of **four**)

Practice multiple choice and structured questions can be found in your textbook.

Year 10 syllabus content:

6.1 Basic economic problem: choice and the allocation of resources

Candidates should be able to:

- define the nature of the economic problem (finite resources and unlimited wants)
- define the factors of production (land, labour, capital, enterprise)
- define opportunity cost and analyse particular circumstances to illustrate the concept
- demonstrate how production possibility curves can be used to illustrate choice and resource allocation
- evaluate the implications of particular courses of action in terms of opportunity cost.

6.2 The allocation of resources: how the market works; market failure

Candidates should be able to:

- describe the allocation of resources in market and mixed economic systems; describe the terms primary, secondary and service (tertiary) sector in an economy
- demonstrate the principle of equilibrium price and analyse simple market situations with changes in demand and supply
- describe the causes of changes in demand and supply conditions and analyse such changes to show effects in the market
- define price elasticity of demand and supply and perform simple calculations
- demonstrate the usefulness of price elasticity in particular situations such as revenue changes, consumer expenditure
- evaluate the merits of the market system
- describe the concept of market failure and explain the reasons for its occurrence
- define private and social costs¹ and benefits and discuss conflicts of interest in relation to these costs and benefits in the short-term and long-term through studies of the following issues:
 - conserving resources versus using resources
 - public expenditure versus private expenditure.

6.3 The individual as producer, consumer and borrower

Candidates should be able to:

- describe the functions of money and the need for exchange
- describe the functions of central banks, stock exchanges, commercial banks
- identify the factors affecting an individual's choice of occupation (wage factors and non-wage factors)
- describe likely changes in earnings over time for an individual
- describe the differences in earnings between different groups of workers (male/female; skilled/unskilled; private/public; agricultural/manufacturing/services)
- describe trade unions and analyse their role in an economy
- describe the benefits and disadvantages of specialisation for the individual
- analyse the different motives for spending, saving and borrowing
- discuss how and why different income groups have different expenditure patterns (spending, saving and borrowing).

6.4 The private firm as producer and employer

Candidates should be able to:

- describe the type of business organisation in the public and private sectors: sole trader (proprietor), public limited companies, multinationals, cooperatives, state-owned enterprises (public corporations)
- describe the effects of moving firms from the public sector to the private sector and *vice versa*
- describe and evaluate the effects of changes in the structure of business organisations
- describe what determines the demand for factors of production
- distinguish between labour-intensive and capital-intensive production
- define productivity and recognise the difference between productivity and production
- define total and average cost, fixed and variable cost and perform simple calculations
- analyse particular situations to show changes in total and average cost as output changes
- define total and average revenue and perform simple calculations
- describe the principle of profit maximisation as a goal and recognise that business organisations may have different goals
- describe the characteristics of perfect competition and monopoly
- describe pricing and output policies in perfect competition and monopoly
- describe the main reasons for the different sizes of firms (size of market, capital, organisation)
- describe and evaluate integration, economies and diseconomies of scale
- discuss the advantages and disadvantages of monopoly.

- 3** Tesco is a large multinational supermarket firm based in the UK. It sells a wide range of products which vary in their degree of price elasticity of supply. In 2013, the firm's profits fell in its home market and also in every other country in which it operates. For instance, in the UK, profits fell due to greater competition while in South Korea they fell as the Government placed additional restrictions on opening hours.
- (a) Define 'price elasticity of supply'. [2]
 - (b) Explain why many firms try to maximise profits. [4]
 - (c) Analyse what determines in which countries a multinational company produces. [6]
 - (d) Discuss whether a government should regulate supermarket firms. [8]
- 2** The United Nations' World Tourism Organisation has estimated that the proportion of the world's population who have visited another country will have reached only 7% by 2020. Increasing international travel might create jobs and influence incomes. However, it would also put pressure on finite resources and would create external costs.
- (a) Define 'resources'. [2]
 - (b) Explain how international travel may create external costs. [4]
 - (c) Analyse how an increase in international travel may influence incomes. [6]
 - (d) Discuss whether demand for international travel is likely to continue to increase. [8]
- 3** A heatwave in July 2013 in the United Kingdom resulted in sales of ice cream more than doubling. Extra workers were taken on to meet the higher demand. In recent years, the demand and supply conditions of ice cream have changed, leading to demand and supply becoming more elastic. The market has also been influenced by government policies and by changes in the country's economic growth rate.
- (a) Define 'supply'. [2]
 - (b) Explain **two** ways a government could influence the price of a product. [4]
 - (c) Analyse why demand for a product may become more price elastic. [6]
 - (d) Discuss whether the wages of all workers will increase during a period of economic growth. [8]
- 4** Trade union membership is decreasing in some countries, but it is increasing in China. Industrial action by workers is becoming more common in China, with workers seeking higher wages. Recently there was a strike at a car factory in South China, owned by a Japanese multinational company.
- (a) Define 'multinational company'. [2]
 - (b) Explain why governments may discourage strikes. [4]
 - (c) Analyse **three** reasons why trade union membership may decrease in a country. [6]
 - (d) Discuss whether a rise in the wages a firm pays would reduce its profits. [8]